

## Flexible Cohesion Policy

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*Regional Development Agencies are modifying their programmes supported with European Structural and Investments Funds. Following the outbreak of COVID-19 the regulations provided additional advantages to redirect resources to the areas most impacted by the crisis and to simplify the management procedures*

### Important changes in cohesion policy rules

The European Union has approved during the last months two important changes in the regulations of structural funds allowing managing authorities to modify their spending priorities of European Structural and Investment Funds. The first package done in March 2020 of measures of the Coronavirus Response Investment Initiative (CRII), concentrated on the immediate mobilisation of structural funds, to allow for a prompt response to the crisis. The purpose was to provide immediate liquidity and facilitate programme amendments. The first CRII package consisted of three main elements: about €8 billion of immediate liquidity to accelerate up to €37 billion of European public investment, flexibility in applying EU spending rules and extend the scope of the EU Solidarity Fund.

Launched in April 2020, the Coronavirus Response Investment Initiative Plus (CRII+) complements the first one by introducing extraordinary flexibility to allow that all non-utilised support from the European Structural and Investment Funds can be mobilised. **CRII+ simplifies procedural steps linked to programme implementation, use of financial instruments and audit.** This flexibility is provided through:

1. Make it possible for Member States to exceptionally request 100% EU co-financing for their cohesion policy programmes
2. Make it easier to transfer resources between funds as well as between categories of regions
3. Give full flexibility to redirect resources to the areas most impacted by the current crisis
4. Simplify procedures linked to programme implementation and audit

### How development agencies are implementing CRII?

Regional Development Agencies concentrated their efforts during March and April 2020 to provide an immediate mobilisation of own resources and structural funds, to allow for a prompt response to the crisis. The first package of measures of the Coronavirus Response Investment Initiative provided funds for liquidity. In this regard, several important changes were introduced that extended the conditions of the loans or grants provided, to launch immediate relief support measures to provide immediate liquidity to SMEs and self-employed people.

## IDEA Agency - Andalucia

Companies benefiting from loans granted by the Andalucia Regional Development Agency (IDEA) can apply for a moratorium on payments. This measure affects 73 companies (or self-employed people), currently holding a debt of 55.04 million through these granted by the regional government of Andalucia the Andalusian Public Fund for Business Financing and Economic Development and the Jeremie Fund. These payments and their interest will begin to be refunded without penalty from 2021, at most, in as many instalments as are pending after the moratorium.

The development agency signed an agreement with three financial intermediaries (Caixabank, Unicaja y Caja Rural de Granada), to provide 100 million EUR using 20 million of public guarantees.

Companies hosted in business incubators and other IDEA Agency premises have the possibility to defer the payment of rents by up to four months. The measure is aimed at SMEs and freelancers who have seen their activity suspended or reduced their turnover. The payment of these monthly payments will be pay-back in two years without penalties or interest.

The agency has launched its calls for Industrial Research Program, Experimental Development and Business Innovation for an amount of 43 million euros with a more flexible administrative procedure. The time limits have been extended, an additional period of 15 months is provided to be able to implement and justify the investment projects. Requirements for eligibility for this comprehensive programme have been reduced and simplified. The agency has increased in 9 million sits programme for digital transformation to 22 million euros. The aim is to make it easier for SME to implement technical means to enable the telework of their staff.

More information: [Agencia IDEA](#). Junta de Andalucia

## ADI Nouvelle Aquitaine

In France ESIF funds are managed regionally by the state and regional councils. To date, about 80% of the funds have already been consumed over the period 2014-2020. Consumption also varies from region to region. The French region Nouvelle Aquitaine has set up a multi-faceted scheme with more than 90 million euros as follows:

- 38 million euros committed to the national solidarity fund co-managed by the State and the Regions for SMES and self-employed whose whose turnover plunged by more than 50% between March 2019 and March 2020.
- 20 million euros for loans to SMEs in cooperation with financial intermediaries for zero interest credits and reduced guarantees
- 1 million euros of direct loans for entities working in social economy and solidarity

- 12 million of loans for working capital in companies related to retail, services and artisans
- 15 millions of loans from emergency support fund for business for working capital
- 5 million of euros for associations, to overcome the loss of activity caused by COVID-19 with assistance for payments from 1.500 to 20.000 euros

More information [ADI Nouvelle Aquitaine](#)

### Malopolska Regional Development Agency - MARR.

MARR has changed the conditions of the credits to consider the difficult economic situation of companies and aim to secure liquidity in SME companies and to maintain jobs. The borrowers would get additional up to 6-month in the repayment of loan capital instalments and/or 4-month of loan delay in the repayment of capital and interest instalments.

The Agency offers specific services to the regional companies supporting investors, attraction foreign direct investments, providing loans and guarantees and industrial parks. The agency increases the investment attractiveness of the region and undertake activities that contribute to a strong economic branding of the region. It provides support related to intellectual property protection, innovation funds, cooperation with regional R&D centres public-private partnerships; and supports a wide business promotion.

More information [MARR](#).

### Agentia pentru Dezvoltare Regionala Centru

ADR Centru, has informed that the National Management Authority for the Regional Operational Programme has extended the project submission period for the call for enterprises (priority axis 9) until 31<sup>st</sup> of July. The Managing Authority for Regional Operational Programme is the Ministry of Regional development, Public Administration and European Funds

The Romanian regional development agency Centru has the role of contributing to the sustainable and equitable development of the Centre Region by removing disparities and imbalances between the areas of the region for the benefit of its inhabitants. The activity of the Agency for Regional Development is coordinated by the Council for Regional Development, composed by the presidents of the 6 county councils (Alba, Brasov, Covasna, Harghita, Mures and Sibiu), and representatives of the municipalities. ADR Centre elaborates the regional development plan and manages as intermediate body the European Regional Development funds.

More information [ADR Centru](#)

## Conclusions

Development agencies are implementing new programmes (or giving additional advantages to previous ones) to provide relief to companies in their territories. The allocated resources come from the own regional budget and Structural funds. Despite the flexibility given by CRII and CRII+, Cohesion Policy is not designed to provide economic response to an urgent crisis. The Structural and Investment Funds are addressed to long term investments, providing regions' social and economic development through long-term planning.

The past financial crisis and this health crisis show the need to establish new rules for the period 2021-2027 that will allow more flexibility to the programmes. This is especially important for the European Regional Development Fund (ERDF) that provides direct support to SMEs. The establishment of priorities should be aligned constantly with the priorities established in a continuous entrepreneurial discovery process of the smart specialisation strategies. Using the possibilities of information and communication technologies we should make possible to have a more flexible reprogramming, better monitoring of the programmes, easier rules of audits and control and a more accurate impact measurement.

In general, this crisis shows the importance to have a strong EU Cohesion policy able to provide economic response to crisis and guarantee the future competitiveness on the climate actions, digitalisation and resilience of the economy.

## More information:

- [Coronavirus Response Investment Initiative](#). DG Regio. European Commission
- [Factsheet CRII](#). European Commission
- [Regulation \(EU\) 2020/460](#) Coronavirus Response Investment Initiative
- [Regulation \(EU\) 2020/558](#) Specific measures to provide exceptional flexibility for the use of the European Structural and Investments Funds in response to the COVID-19 outbreak.